

Regional Fire Committee Progress Update - 9/23/10

Representatives from the Village of Dexter, Scio Township, Webster Township and Dexter Township have been meeting monthly since September 2009 to explore the creation of a regional fire department. Currently, the Village of Dexter, Webster Township, and Dexter Township are part of the Dexter Area Fire Department (DAFD). Scio Township provides its own fire department coverage for all of Scio Township. At various times representatives from the City of Chelsea, Lima Township and Ann Arbor Township have attended meetings as observers.

The goal of the exploration is to determine whether creating a larger regional department will result in increased efficiencies and a higher level of service with an equitable cost share structure. The following is an update on the progress of this discussion.

Early in the process the participating communities approved hiring a facilitator - Dr. Lynn Harvey - to provide technical assistance and help the group discuss and come up with the cost allocation formula as the process moved forward.

The three main topic areas are organization, cost share, and financing.

Organization

Interlocal Agreement

To research potential organizational structures, the Committee gathered agreements from fire authorities and boards throughout the state. These documents provided examples of organizations formed under a variety of ways, including Public Act 57 of 1988 (Fire Authorities), Public Act 7 of 1967 (Fire Boards), and Public Act 33 of 1951 (Police and Fire Protection). Currently DAFD is set up through Public Act 7.

Union

Each department operates under a different union:

DAFD - International Association of Firefighters

Scio - Teamsters

Scio's contract is currently expired and in negotiations; DAFD's expires in December 2010.

Service Area

The proposed service area includes all of Dexter Township, Webster Township, Scio Township and the Village of Dexter. It should be acknowledged that Dexter Township is in the process of evaluating an offer from the Chelsea Area Fire Authority and in the coming months will determine how much of their community will be covered by the current DAFD and (potential) future merged department. The Committee reviewed service area maps that show the coverage currently provided from all stations.

Valuation of Assets

Each department was asked to provide a summary equipment list with approx. values (current depreciation value for large equipment/vehicles and approx. replacement cost for smaller items) that would be used to create the initial valuation of each department's assets.

Cost Share

After discussion with Dr. Harvey, the generally agreed upon cost allocation formula is - 30% population, 30% S.E.V., and 40% usage. The benefits of this formula are best explained by Dr. Lynn Harvey's article "Buying and Selling Fire Protection". In summary, Dr Harvey explained the benefits of a weighed formula as, "This weighted formula pricing method takes into account factors which have the potential to impact the demand for fire protection. As the population of a unit increases, the incidence of fires generally increases, therefore using population accounts for added risk of exposure and the potential for the demand for fire services. The SEV of a governmental unit is included to represent the value of property to be protected. Similar to insurance, the more valuable the property to be protected, the more willing the owner should be to pay for fire protection. Historical usage is included in the weighted formula in order to capture historical consumption patterns. The key to the formula is the recognition of the principle that incidence, value to be protected, and usage are captured in one formula. If properly applied, the formula reduces uncertainty in the pricing of services while insuring that the costs of the producer (fire department) are covered."

Population (30%)

The Committee agrees with using the SEMCOG bi-annual population estimates as the population number.

S.E.V.(30%)

The Committee discussed the use of taxable value as opposed to S.E.V. and is in general agreement that S.E.V. is the most accurate measure of the value of the land. Dr. Harvey suggested using a reduced value for open space - typically between 30% to 50% of its value. The committee looked at the impact of removing 50% of the SEV of the open space in each community from the calculation; however, the impact to the formula was found to be negligible (a review of the SEV table on the accompanying spreadsheet shows a very small change to the weighted percentages when open space was accounted for in the calculation). The Committee also discussed areas of land that are non-taxable in each community and determined that there is no substantial inequality because each community has large areas of non-taxable land.

Usage (40%)

The simplest way to account for usage is to use the number of runs per community. Including additional factors, such as equipment usage along with a man hour breakdown, has been suggested but has not yet been evaluated to determine the impact to the formula. This discussion is still ongoing. It was also suggested that a 3 or 5 year rolling average be used in the future calculation.

Currently, Scio and DAFD have different response protocols. DAFD sends a fire department support response to all medical related calls (category 1A), while Scio Fire Department responds to life threatening emergency calls only (Category 2). Provided on the attached spreadsheet are two calculations of Scio Fire Department's usage, using the current response volumes for 2007, 2008 and 2009. Due to differences in the response protocols, it is estimated that if the two departments merged and Dexter Area Fire Department's response protocol was adopted, Scio Township's usage could increase approx. 25%. Thus two tables are provided to show the effect of applying the same response assumption to the cost allocation formula.

Financing

The Committee is in general agreement that they want the decision on how each municipality provides funding to the authority or board to be left to each municipality.

Draft Timeline

1. July - August 2010 - Discuss Draft Committee Summary and Cost Allocation Spreadsheet and determine target date for meeting of all community board members.
2. September 2010 - Joint meeting between Dexter Twp, Scio Twp, Webster Twp and Village of Dexter Boards.
3. October 2010 - The three townships and village consider resolutions supporting the development of a transition plan for the merging of the two municipal fire departments. The committee would draft the resolution to be adopted by the four units.
4. Sub-committees develop a transition plan.
5. Units review transition plan and corrections, clarification or modifications are made and units formally adopt the Transition Plan. If PA 57, 1988 is utilized as the organizing statute, "article of incorporation" would need to be drafted and adopted.
6. Transition Plan adopted and process for hiring a fire chief to oversee and implement the merger.
7. Merged department begins operation.

